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United States Attorney's Office
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News Release

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2 sentenced in mortgage fraud scheme

Two individuals were sentenced today in federal court for their involvement in a fraudulent mortgage brokering business known as First Rate Mortgage Group that resulted in a loss to area banks of more than \$2.3 million.

On May 9 in Minneapolis, United States District Court Judge Joan Ericksen sentenced Sean Brian Leaf, 35, Woodbury, to 18 months in prison and three years probation, and Joddilee Margaret Lindberg, 50, Minneapolis, to four years probation and eight months of community confinement with work release. Both were sentenced on one count of conspiracy to commit mail fraud and bank fraud, and were also ordered to pay more than \$2.3 million in joint restitution with the other defendants.

One other defendant connected to the conspiracy – Christopher Adam Horton, 34, Minnetonka -- is scheduled to be sentenced on May 19. A fifth defendant, Micah Daniel Thormodsgaard, 25, St. Paul, was sentenced on April 3 to three years probation and ordered to pay more than \$2.3 million in joint restitution with the other defendants. Sentencing dates for the remaining defendants, Edward Arnold Septon and Christopher Erik Septon, have not been scheduled.

All six defendants pleaded guilty last fall to the single conspiracy count, and Edward Septon also pleaded guilty to one count of bank fraud on Sept. 21, 2007. All six were charged on Aug. 8, 2007.

According to their respective plea agreements, they admitted that between 2000 and August 2004 they conspired to use the U.S. Mail to execute a scheme to defraud financial institutions and private mortgage lenders of funds. Specifically, through their business, First Rate Mortgage Group, they represented that for a fee, they could help people obtain financing for the purchase of real estate.

To do so, they mailed false and fraudulent loan applications to banks and mortgage lending companies, which concealed that First Rate Mortgage had loaned the money for the down

payment to the borrower. The applications also inflated the borrower's income and assets, falsely described the borrower's employment and contained forged signatures, falsified pay stubs, gift letters, bank statements and bank notes.

In January 2004, the six caused false loan applications to be submitted to Washington Mutual Bank in the amount of \$1,330,000, and Associated Bank in the amount of \$378,555 on behalf of a borrower purchasing property in Wayzata. The applications falsely stated the source of the down payment, which had been loaned by the conspirators, as well as other falsified information.

This case is the result of an investigation by the Federal Bureau of Investigation and the U.S. Postal Inspection Service, and is being prosecuted by Assistant U.S. Attorney John R. Marti.